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TAGS: IT, PINT

SUBJECT: ITALY: THE NATURE AND FUTURE OF THE DC/PCI
ACCOMMODATION

1. FOLLOWING IS TEXT OF INR REPORT NO. 573, DATED
AUGUST 27, 1976.

2. BEGIN SUMMARY. WHEN PARLIAMENT RECONVENES ON
SEPTEMBER 27, THE ANDREOTTI MINORITY GOVERNMENT WILL INTRO-
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DUCE THE FIRST IN A SERIES OF AUSTERITY MEASURES, AS WELL

AS SOME ECONOMIC AND SOCIAL REFORMS. WHILE THE GOVERNMENT AND PARLIAMENT CONSIDER THIS PROGRAM, BOTH THE DC AND THE PCI WILL BE MANEUVERING TO REPLACE THE PRESENT MONOCOLORE WITH ONE MORE TO THE LIKING OF THEIR RESPECTIVE SUPPORTERS.

3. THE PRESENT POLITICAL ACCOMMODATION IS CLEARLY UNSATISFACTORY TO BOTH THE DC (CHRISTIAN DEMOCRATS) AND THE PCI (COMMUNISTS). BOTH RECOGNIZE THE MONOCOLORE TO BE A TRANSITIONAL GOVERNMENT DESIGNED TO LAST UNTIL THE POLITICAL EVOLUTION AMONG THE PRINCIPAL PARTIES FURNISHES A REPLACEMENT. BOTH HAVE AGREED TO "TOLERATE" THE GOVERNMENT NOW BUT HAVE DIVERGENT EXPECTATIONS FOR THE FUTURE.

4. THE DC'S STRATEGY IS DESIGNED TO PREPARE THE GROUND FOR RECONSTITUTING A VIABLE CENTER-LEFT GOVERNMENT. FOR THIS PURPOSE, THE DC WILL TRY TO MINIMIZE THE IMPLICATIONS OF DC-PCI CONDOMINIUM AND COURT THE PSI (SOCIALISTS).

5. BUT THE SOCIALISTS REMAIN THE MAIN OBSTACLE TO A NEW CENTER-LEFT GOVERNMENT. THEY BLAME THEIR PAST ASSOCIATIONS WITH DC-LED CENTER-LEFT GOVERNMENTS FOR THEIR ELECTION DEFEATS; DISLIKE THE DC'S COURTING OF THE RIGHT; AND HAVE EXPRESSED A PREFERENCE IN THE SHORT TERM FOR AN "EMERGENCY COALITION" GOVERNMENT INCLUDING THE COMMUNISTS, AND IN THE LONGER TERM, FOR A PCI/PSI POPULAR FRONT.

6. AS FOR THE PCI'S STRATEGY, THE COMMUNISTS SEEM CONFIDENT THAT THE PRESENT ACCOMMODATION IS A STEPPING STONE TO THE "HISTORIC COMPROMISE" BECAUSE THEY BELIEVE THAT PCI POLITICAL SUPPORT WILL BE PERCEIVED AS INDISPENSABLE TO THE ACHIEVEMENT OF ECONOMIC AND SOCIAL REFORM. AT THE SAME TIME, THE PCI REALIZES THAT ITS TOLERANCE OF UNPOPULAR GOVERNMENT MEASURES WILL INCREASE ITS VULNERABILITY TO CRITICISM. MOREOVER, THE PARTY HAS PROMISED ITS MEMBERS THAT ITS PRESENT SUPPORT OF THE MONOCOLORE WILL ENABLE THE COMMUNISTS TO GAIN FULL PARTICIPATION IN GOVERNMENT IN THE NEAR TERM. IF THIS DOES NOT HAPPEN, BERLINGUER'S STRATEGY WILL COME UNDER ATTACK.

7. THE PCI MAY WELL HAVE ENOUGH LEVERAGE ON THE SOCIAL-
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ISTS TO BE ABLE TO BLOCK THEIR EARLY RETURN TO A NEW CENTER-LEFT GOVERNMENT. IF THE PSI, FOR THAT OR OTHER REASONS, REJECTS THE DC'S INVITATION TO PARTICIPATE IN SUCH A GOVERNMENT, THE ANDREOTTI MONOCOLORE MAY HAVE A FAIRLY LONG LEASE ON LIFE.

(A)--A PROLONGED SOCIALIST REFUSAL COULD CAUSE THE DC TO BECOME RESIGNED TO CONTINUING THE PRESENT ACCOMMODATION

WITH THE PCI.

(B)--THE ONLY ALTERNATIVE WOULD SEEM TO BE A POPULAR FRONT GOVERNMENT, AND THAT WOULD RELEGATE THE DC TO THE OPPOSITION.

(C)--MOREOVER, THE PRESENT AGREEMENT MIGHT BE PERCEIVED BY THE VOTERS AS RELATIVELY EFFICIENT.

THE CONTINUATION (AND DEEPENING) OF THE PRESENT ACCOMMODATION COULD LEAD, IN TIME, TO SOME FORM OF THE "HISTORIC COMPROMISE" THAT BERLINGUER HAS LONG BEEN ADVOCATING.
END SUMMARY.

8. INTRODUCTION:

9. WHEN THE ANDREOTTI MINORITY GOVERNMENT WON ITS VOTE OF CONFIDENCE IN THE ITALIAN SENATE ON AUGUST 6 AND IN THE CHAMBER OF DEPUTIES ON AUGUST 11, IT "FLOATED ON A SEA OF ABSTENTIONS" IN WHICH THE ABSTENTION OF THE COMMUNIST PARTY (PCI) WAS THE DETERMINING ONE. PARLIAMENT NOW STANDS ADJOURNED AND WILL NOT RECONVENE UNTIL SEPTEMBER 27. AT THAT TIME ANDREOTTI WILL INTRODUCE THE FIRST IN A SERIES OF AUSTERITY MEASURES, AS WELL AS ECONOMIC AND SOCIAL REFORMS. WHILE BOTH THE GOVERNMENT AND PARLIAMENT CONSIDER THIS PROGRAM, BOTH THE DC AND THE PCI WILL BE MANEUVERING TO REPLACE THE PRESENT "DEPOLITICIZED" GOVERNMENT WITH ONE MORE TO THE LIKING OF THEIR RESPECTIVE SUPPORTERS.

10. A TRANSITIONAL GOVERNMENT:

11. IN THE PRELIMINARY CONSULTATIONS THAT FOLLOWED THE
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JUNE 20-21 NATIONAL ELECTIONS, ANDREOTTI FAILED TO CONVINCE THE SOCIALISTS (PSI) AND THE LAY PARTIES TO ENTER A NEW COALITION WITH THE CHRISTIAN DEMOCRATS (DC) OR EVEN TO GRANT THE DC OUTSIDE PARLIAMENTARY SUPPORT, BUT HE WAS ABLE TO OBTAIN GENERAL AGREEMENT FROM ALL PARTIES EXCEPT THOSE TO THE LEFT OF THE PCI AND THE NEO-FASCIST MSI ON THE MAIN ELEMENTS OF A GOVERNMENT AUSTERITY AND REFORM PROGRAM. LACKING EITHER A CLASSICAL MAJORITY OR A FORMAL OPPOSITION, THE ANDREOTTI GOVERNMENT IS ONE OF CONVERGENZE ON SPECIFIC PROGRAMMATIC ISSUES RATHER THAN OF COALIZIONE.

12. THE PRESENT POLITICAL ACCOMMODATION IS CLEARLY UNSATISFACTORY TO BOTH THE DC AND THE PCI. BOTH RECOGNIZE THE ANDREOTTI MONOCOLORE TO BE A TRANSITIONAL GOVERNMENT DESIGNED TO LAST UNTIL THE POLITICAL EVOLUTION AMONG THE

PRINCIPAL PARTIES FURNISHES A REPLACEMENT. BOTH HAVE AGREED TO "TOLERATE" THE GOVERNMENT NOW BUT HAVE DIVERGENT EXPECTATIONS FOR THE FUTURE.

13. DC CONCESSIONS:

14. DESPITE THE DC REFUSAL TO ACCEDE TO PCI AND PSI DEMANDS FOR AN "EMERGENCY COALITION," THE DC DID MAKE OTHER IMPORTANT CONCESSIONS TO THE COMMUNISTS IN ORDER TO WIN CONFIRMATION OF THE GOVERNMENT. THE DC LEADERSHIP:

(A)--OPENLY CONSULTED PCI LEADERS ON THE GOVERNMENT DRAFT PROGRAM;

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(B)--SUPPORTED COMMUNIST CANDIDATES FOR IMPORTANT PARLIAMENTARY POSTS;

(C)--EXCLUDED DC POLITICIANS RUMOR AND COLOMBO, WHO WERE OBJECTIONABLE TO THE PCI, FROM ANDREOTTI'S NEW CABINET;

(D)--MADE EXTENSIVE PROGRAMMATIC CONCESSIONS TO THE PCI; AND, MOST IMPORTANT

(E)--DECIDED TO ACCEPT THE COMMUNISTS' ABSTENTION IN THE VOTE AS THE DETERMINING ONE.

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15. THESE CONCESSIONS WERE THE LATEST MANIFESTATIONS OF A MORE GENERAL SHIFT IN THE DC ATTITUDE TOWARD THE PCI THAT HAS OCCURRED SINCE THE COMMUNISTS' JUNE 1975 ELECTORAL SUCCESS. ALTHOUGH CONSULTATIONS HAVE BEEN CONDUCTED BETWEEN THE TWO PARTIES QUIETLY FOR A NUMBER OF YEARS, CHRISTIAN DEMOCRATIC LEADERS NOW RECOGNIZE THE NEED TO CONSULT THE PCI OPENLY ON MAJOR NATIONAL ISSUES.

16. DC STRATEGY:

17. THE DC STRATEGY IS DESIGNED ESSENTIALLY TO PREPARE THE GROUND FOR RECONSTITUTING A VIABLE CENTER-LEFT GOVERNMENT. FOR THIS PURPOSE, ANDREOTTI AND ZACCAGNINI WILL TRY TO:

(A)--MINIMIZE THE IMPLICATIONS OF DC-PCI CONDOMINIUM, CHIEFLY IN ORDER TO MAINTAIN CHRISTIAN DEMOCRATIC UNITY, BUT ALSO TO ALLAY SOCIALIST FEARS OF ISOLATION. THE POLICY OF CONFRONTO, OR COMPETITIVE DIALOGUE, WITH THE COMMUNISTS HAS BEEN STRESSED, AND THE NOTION OF ASSEMBLEARISMO, OR COLLEGIAL GOVERNMENT, HAS BEEN EMPHATICALLY

ICALLY REJECTED;

(B)--INVOLVE THE PCI IN THE IMPLEMENTATION OF UNPOPULAR ECONOMIC REFORMS, ESPECIALLY AUSTERITY MEASURES, SO THAT COMMUNIST CO-RESPONSIBILITY FOR THEM BECOMES OBVIOUS;

(C)--COURT THE SOCIALISTS DIRECTLY AND SHOW CONTINUED WILLINGNESS TO OFFER THEM A SUFFICIENT SHARE OF MINISTERIAL POSTS AND POLICY CONTROL TO SUSTAIN A NEW COALITION WITH THE PSI, WHILE RENOUNCING THE TRADITIONAL DC DOMINATION OVER THE LAY PARTIES.

18. PCI STRATEGY:

19. IN HIS SPEECH BEFORE THE CHAMBER FOLLOWING THE VOTE OF CONFIDENCE, BERLINGUER STRESSED THE IMPORTANCE

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OF THE PCI'S DECISION TO BECOME A DE FACTO, IF NOT DE JURE,
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MEMBER OF THE PARLIAMENTARY MAJORITY AFTER 30 YEARS IN THE OPPOSITION. HE SAID THAT HIS PARTY NORMALLY WOULD HAVE OPPOSED THE GOVERNMENT BUT TOLERATED IT BECAUSE THE PCI:

(A)--WOULD HAVE BEEN JUDGED GUILTY OF OBSTRUCTIONISM AT A TIME OF ECONOMIC CRISIS HAD IT VETOED THE GOVERNMENT WHEN THERE WAS NO OTHER REALISTIC ALTERNATIVE;

(B)--WILL BE ABLE TO USE ITS ENHANCED POWER IN PARLIAMENT TO FORCE THE DC INTO GREATER COOPERATION WITH THE COMMUNISTS, THEREBY ENCOURAGING THE EVOLUTION TOWARD THE "HISTORIC COMPROMISE."

20. IN ADDITION, BERLINGUER CAN BE EXPECTED TO USE THE PCI'S CONSIDERABLE INFLUENCE ON THE PSI TO THWART ANY SOCIALIST RETURN TO A CENTER-LEFT GOVERNMENT WITH THE DC. THE PCI SEEMS CONFIDENT THAT THE PRESENT ACCOMMODATION IS A STEPPING STONE TO THE "HISTORIC COMPROMISE" BECAUSE:

(A)--PCI POLITICAL SUPPORT WILL BE PERCEIVED AS INDISPENSABLE TO ACHIEVE ECONOMIC AND SOCIAL REFORM.

(B)--THE DC WILL NOT BE ABLE EITHER TO REGAIN MOMENTUM THROUGH PARTY RENEWAL OR RECONSTITUTE A CENTER-LEFT COALITION.

IN ADDITION, THE COMMUNISTS FEEL THAT UPCOMING AMERICAN ELECTIONS PREVENT LEADERS IN WASHINGTON FROM SHOWING TOLERANCE FOR PCI ENTRY INTO THE ITALIAN GOVERNMENT AT

THIS TIME, BUT THAT A NEW ADMINISTRATION COULD BE MORE TRACTABLE.

21. RISKS TO THE PCI:

22. THUS, THE PCI PERCEIVES ADVANTAGES IN THE PRESENT ARRANGEMENT WITH THE DC, BUT IT ALSO RECOGNIZES SOME IMPORTANT RISKS:

(A)--PCI TOLERANCE OF UNPOPULAR GOVERNMENT MEASURES WILL INCREASE ITS VULNERABILITY TO CRITICISM, PARTICULARLY FROM THE PARTIES ON THE PCI'S LEFT.

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(B)--THE PCI'S NEW "INDISPENSABILITY" IS PREDICATED ON SOCIALIST AND LAY PARTY REFUSAL TO COOPERATE WITH THE DC IN THE OLD MANNER. IF THESE PARTIES AGREED TO ENTER A NON-COMMUNIST COALITION WITH THE DC, THE PCI WOULD BE RELEGATED TO THE OPPOSITION AGAINST ITS WILL.

(C)--THERE IS STRONG EVIDENCE THAT BERLINGUER'S CAMPAIGN ENDORSEMENT OF CONTINUED ITALIAN MEMBERSHIP IN NATO AND THE PCI'S DECISION TO ABSTAIN IN THE CONFIRMATION VOTE HAVE CREATED A MAJOR PROBLEM WITH THE PARTY'S RANK AND FILE.

(D)--THE PCI HAS NOW PROMISED ITS MEMBERS THAT ITS PRESENT SUPPORT OF THE DC MONOCOLORE WILL ENABLE THE PCI TO GAIN FULL PARTICIPATION IN GOVERNMENT IN THE NEAR TERM. IF THIS DOES NOT HAPPEN, BERLINGUER'S STRATEGY IS LIKELY TO LOSE SUPPORT IN THE PARTY.

23. HOW LONG WILL THE MONOCOLORE LAST?

24. ALTHOUGH THE NEW ITALIAN MINORITY GOVERNMENT SUFFERS FROM LIMITED AND UNCERTAIN PARLIAMENTARY SUPPORT, ITS BASIC WEAKNESS IS BALANCED SOMEWHAT BY SEVERAL FACTORS THAT WORK IN ITS FAVOR:

(A)--ITALY'S POLITICAL LEADERS APPEAR TO REALIZE THAT NO OTHER SHORT-TERM POLITICAL ALTERNATIVE IS CURRENTLY FEASIBLE.

(B)--THE PCI HAS ACCEPTED A "NATIONAL RESPONSIBILITY" TO SEEK, TOGETHER WITH THE DC, SOLUTIONS TO ITALY'S ECONOMIC CRISIS. THE COMMUNISTS CANNOT RAPIDLY OR CAPRICIOUSLY ABANDON SUCH A COMMITMENT WITHOUT DAMAGING THEIR CREDIBILITY.

(C)--ANDREOTTI HAS SUFFICIENT STANDING WITH THE PCI AND POLITICAL SKILL TO STEER THE GOVERNMENT FOR A TIME THROUGH THE INTRICATE NEGOTIATIONS AND COMPROMISES THAT IT FACES.

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(D)--SINCE THERE IS AMPLE ROOM FOR THE PCI TO EXPAND ITS INFLUENCE WITHIN THE PRESENT PARLIAMENTARY FRAMEWORK, THE COMMUNISTS MAY WANT MORE TIME TO DEVELOP GREATER PARLIAMENTARY POWER BEFORE ESCALATING THEIR POLITICAL DEMANDS.

25. STILL, IN ADDITION TO ITS POLITICAL VULNERABILITY AS A MINORITY GOVERNMENT, THE ANDREOTTI CABINET IS HIGHLY VULNERABLE ON THE PROGRAMMATIC LEVEL. THE ECONOMIC MEASURES THAT WILL BE REQUIRED TO DEAL WITH THE CURRENT CRISIS WILL BE SOCIALLY DIVISIVE AND WILL PROBABLY TEST THE PCI'S COOPERATION WITH ANDREOTTI'S GOVERNMENT PROGRAM FROM THE OUTSET. AS REPUBLICAN PARTY LEADER LA MALFA HAS POINTED OUT, ANDREOTTI'S PROPOSALS ARE WEAKEST AND MOST ILL-DEFINED IN SUCH CONTROVERSIAL AREAS AS WAGE POLICY.

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26. THE DC AND PCI ALSO DIFFER IN THEIR APPROACHES TO ITALY'S FUNDAMENTAL ECONOMIC PROBLEMS:

(A)--WHILE THE DC IS ANXIOUS TO GAIN SUPPORT FOR IMMEDIATE STABILIZATION MEASURES, ITS RELUCTANCE TO UNDERTAKE STRUCTURAL REFORMS REFLECTS A COMMITMENT TO THE ECONOMIC STATUS QUO. THE DC REALIZES THAT FUNDAMENTAL ECONOMIC REFORM WOULD TEND TO DIMINISH ITS CONTROL OVER THE ECONOMY AND WEAKEN THE EXTENSIVE PATRONAGE SYSTEM ON WHICH MUCH OF ITS POLITICAL STRENGTH DEPENDS.

(B)--THE PCI INSISTS THAT CURRENT ECONOMIC PROBLEMS ARE REFLECTIONS OF MORE FUNDAMENTAL STRUCTURAL IMBALANCES. IN ITS VIEW, STABILIZATION MEASURES MUST, THEREFORE, INCLUDE STRUCTURAL REFORM IF ECONOMIC CRISES ARE NOT TO RECUR.

27. WHILE THE ANDREOTTI GOVERNMENT SEEMS LIKELY TO SURVIVE UNTIL THE END OF THE YEAR, ITS FUTURE BEYOND THAT POINT WILL DEPEND ON BOTH THE DC AND PCI AGREEING TO PROLONG THEIR ACCOMMODATION.

28. THE CENTER-LEFT STRATEGY:

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29. THE DC'S ULTIMATE OBJECTIVE IS TO PUT TOGETHER A NEW VERSION OF THE CENTER-LEFT GOVERNMENT. A DC/PSI COALITION (WITH OR WITHOUT THE REPUBLICANS AND SOCIAL DEMOCRATS) WOULD:

(A)--RESTORE A WORKING MAJORITY TO THE DC IN PARLIAMENT AND EMANCIPATE THE PARTY FROM ITS DEPENDENCE ON THE COMMUNISTS;

(B)--BUY TIME FOR THE DC TO ATTEMPT INTERNAL REFORM AND FOR THE SOCIALISTS AND THE SMALLER LAY PARTIES TO STRENGTHEN THEIR ELECTORAL BASE; AND

(C)--INITIATE PROGRESSIVE ECONOMIC AND SOCIAL POLICIES WITHOUT JEOPARDIZING ITALIAN INSTITUTIONS OR ITALY'S ECONOMIC AND SECURITY COMMITMENTS TO THE WEST.

30. PSI HESITANCE:

31. THE MAIN OBSTACLE TO A NEW CENTER-LEFT GOVERNMENT REMAINS PSI WEAKNESS AND INDECISIVENESS. THE SOCIALISTS ATTRIBUTE A MAJOR PORTION OF THE BLAME FOR THEIR ELECTORAL DEFEAT TO THEIR PAST ASSOCIATION WITH DC-LED CENTER-LEFT GOVERNMENTS. INSTEAD OF ENABLING THE PSI TO BECOME THE

DOMINANT SPOKESMAN FOR THE LEFT, COALITIONS WITH THE DC HAVE ONLY INCREASED SOCIALIST VULNERABILITY TO THE PCI, WHICH HAS BEEN FREE TO CRITICIZE GOVERNMENT FAILURES FROM THE OPPOSITION. FURTHERMORE, THE DC'S COURTING OF THE RIGHT (FANFANI OPENLY CAMPAIGNED FOR FASCIST VOTES DURING THE ELECTION CAMPAIGN) MAKES A RECONSTITUTION OF THE CENTER-LEFT ALL THE MORE DIFFICULT FOR THE SOCIALISTS TO SWALLOW. IMPORTANT ELEMENTS IN THE PSI ARE LIKELY TO DEMAND THAT ANY FUTURE SOCIALIST SUPPORT FOR THE GOVERNMENT OR PARTICIPATION IN IT HAVE, AT A MINIMUM, THE TOLERANCE OF THE PCI.

32. DIVISIONS WITHIN THE SOCIALIST LEADERSHIP ALSO MILITATE AGAINST A DC/PSI UNDERSTANDING IN THE NEAR TERM. PSI SECRETARY CRAXI'S MANEUVERABILITY IS LIMITED. HIS RECENT ELECTION AS PARTY SECRETARY WAS THE RESULT OF A
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REVOLT BY YOUNG TURKS DESIRING GENERATIONAL CHANGE, AND NOT AN ENDORSEMENT OF HIS STRONG ANTI-COMMUNISM OR RELATIVELY SYMPATHETIC VIEWS TOWARD THE DC. HIS ELECTION WAS

ACCOMPANIED BY A RECONFIRMATION OF THE SOCIALIST PARTY CONGRESS PLATFORM, WHICH DECLARED THE OLD CENTER-LEFT DEAD AND EXPRESSED A PREFERENCE IN THE SHORT TERM FOR AN "EMERGENCY COALITION" GOVERNMENT INCLUDING THE COMMUNISTS, AND IN THE LONGER TERM FOR A PCI/PSI POPULAR FRONT.

33. THE PSI WILL REQUIRE TIME TO SORT OUT ITS PRIORITIES AND TO REACH AGREEMENT ON ALTERNATIVE TACTICS. IF IT REMAINS IMMOBILIZED BY FACTIONALISM, THE PRESENT DC/PCI ACCOMMODATION COULD SLIDE, AS THE COMMUNISTS ENVISAGE, TOWARD A DE FACTO "HISTORIC COMPROMISE."

34. THE PSI LEADERSHIP HAS TOUTED ITS PARTY'S AUTONOMY FROM BOTH THE DC AND PCI WITHOUT BEING ABLE TO PRESENT COHERENT PROGRAMS OF ITS OWN. INSTEAD, SOCIALISTS HAVE PURSUED CONTRADICTORY TACTICS THAT HAVE CAUSED THE PARTY TO BE BRANDED AS OPPORTUNISTIC:

(A)--THE PSI HAS PARTICIPATED IN LEFTIST COALITIONS ON THE REGIONAL, PROVINCIAL, AND MUNICIPAL LEVELS, BUT IT HAS BEEN PART OF CENTER-LEFT GOVERNMENTS IN ROME.

(B)--DESPITE PUBLIC OPPOSITION, THE PSI PROVOKED EARLY ELECTIONS TO GAIN WHAT THE LEADERSHIP PERCEIVED AS AN ELECTORAL ADVANTAGE.

35. HOWEVER, THE DC/PCI POLITICAL ACCOMMODATION POSES A NEW DILEMMA FOR THE SOCIALISTS. THE LONGER THEY REMAIN OUTSIDE GOVERNMENT, THE GREATER THEIR RISK OF BEING

BYPASSED IN DIRECT DC/PCI DEALINGS--OR DECIMATED IF THEIR OWN INDECISIVENESS OR INTRANSIGENCE PROVOKES NEW ELECTIONS.

36. OUTLOOK:

37. NO POLITICAL ARRANGEMENT OTHER THAN THE DC/PCI ACCOMMODATION SEEMS LIKELY UNTIL IT HAS HAD A CHANCE TO PROVE ITS WORTH (OR ITS LIMITATIONS) AFTER PARLIAMENT RECON-
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VENES. BUT THE TESTING OF THE DC/PCI AGREEMENT HAS ALREADY BEGUN, AS EVIDENCED BY:

(A)--THE PCI'S CLEAR RECOGNITION OF THE POTENTIAL OF ITS ENHANCED PARLIAMENTARY POWER AND ITS DETERMINATION TO PROVE ITSELF BOTH TO THE DC AND TO NON-COMMUNIST VOTERS AS AN EFFECTIVE REFORMIST FORCE; AND

(B)--THE DC'S MAKING CLEAR THAT IT STILL WANTS TO REACH AN AGREEMENT WITH THE PSI ON A NEW CENTER-LEFT GOVERNMENT.

38. UNLESS THE PSI FORMALLY AGREES TO THE RESURRECTION OF SUCH A NON-COMMUNIST ALLIANCE, THE ANDREOTTI MONOCOLORE MAY HAVE A FAIRLY LONG LEASE ON LIFE. THE PCI MAY WELL HAVE ENOUGH LEVERAGE ON THE SOCIALISTS TO BE ABLE TO BLOCK THEIR EARLY RETURN TO A NEW CENTER-LEFT GOVERNMENT.

39. A PROLONGED SOCIALIST REFUSAL COULD CAUSE THE DC TO BECOME RESIGNED TO CONTINUING THE PRESENT ACCOMMODATION WITH THE PCI BECAUSE:

(A)--THE ONLY ALTERNATIVE WOULD SEEM TO BE A POPULAR FRONT GOVERNMENT, AND THAT WOULD RELEGATE THE DC INTO THE OPPOSITION.

(B)--THE PRESENT AGREEMENT MIGHT BE PERCEIVED BY THE VOTERS AS RELATIVELY EFFECTIVE.

(C)--THE INTERNATIONAL REACTION PROBABLY WOULD BE MUTED IF THE PCI INCREASED ITS GOVERNMENTAL ROLE ONLY GRADUALLY, AND IF THE DC REMAINED THE NOMINAL LEADER OF THE COALITION.

THE CONTINUATION (AND DEEPENING) OF THE PRESENT ACCOMMODATION COULD LEAD, IN TIME, TO SOME FORM OF THE "HISTORIC COMPROMISE" THAT BERLINGUER HAS LONG BEEN ADVOCATING. KISSINGER

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